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ABSTRACT

Management is a structure of authority and responsibility and a process of direction and motivation whereby the stated purpose of people working together within a particular enterprise with a particular supply of resources and with a particular technology can be accomplished. Higher education could probably learn from business management, but only within limitations and with an understanding that the roles of the two social institutions are different and the methods of operation are different. If institutions of higher education are to learn from business management, they should first know more about business operations and, second, they should adapt those practices that will lead to improved performance in educational efficiency (the utilization of resources) and effectiveness (the quality of output). (Author/HE)

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TO

HIGHER EDUCATION MANAGEMENT

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THE CONTRIBUTIONS OF BUSINESS MANAGEMENT TO HIGHER EDUCATION MANAGEMENT

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INTRODUCTION

In August, 1972, the Academy for Educational Development, as part of its management improvement program, held a week long seminar at Aspen, Colorado, to discuss whether or not business management might have experience and wisdom to contribute to higher education management. This seminar was held with the cooperation of the Aspen Institute for Humanistic Studies.

The participants in this seminar, listed elsewhere herein, brought to gether a unique group. About half were persons who had at one time been presidents or administrators in colleges and universities and who now hold important positions in business management. The other half were persons who had been or are now administrative officers of higher education. The purpose was to achieve a dialogue comparing the points of view of business and higher education management.

The discussion which ensued was vigorous and far-ranging. The group proved to be comprised of persons who were quite articulate and forceful in the presentation of their views. There was considerable amount of consensus and, at times, certain differences which could not be reconciled or compromised.

The report presented herewith is a "free translation" of the ideas and positions set forth by various individuals at various times during the seminar. No person has been identified by name, and no particular idea has been associated with any particular individual. The report tries to capture the flavor of the discussion, not to be a precise record of who said what. It is believed that every idea set forth here does represent a concept or point of view expressed by someone at the Aspen seminar.

The seminar was conducted as a part of the program of the Academy's Management Division, which is supported in large part by a grant from the W. K. Kellogg Foundation.

The report is a digest of ideas. Among them at some point should be ideas which may have some utility for higher education management today.

Alvin C. Eurich
President

THE CONTRIBUTIONS OF BUSINESS MANAGEMENT TO HIGHER EDUCATION MANAGEMENT

The experience of business management can illuminate and provide some guidelines for the management of higher education. Today educational enterprises are growing into large, business-like operations. But the two social institutions, business and higher education, are essentially different. The one exists to provide primarily the material benefits desired by society, the goods and services necessary and useful to citizens in order to meet their needs and pleasures in shelter, food, clothing, recreation, and other items. Business operates in a market place, and must obtain revenues in excess of costs in order to survive. Higher education exists to provide primarily the intellectual and cultural benefits desired by society, the heritage of knowledge, values, and creative artistic expression conserved from the past and projected into the future. Higher education operates in the context of social expectations, with income provided both by individual consumers and by the social instruments of philanthropy and government.

Because the goals of the two institutions are different, because the objectives are different, and because the financing is different, the methods of management must and should reflect these differences. Any parallels between business management and higher education management are to be accepted only in part, and with a full appreciation of the differences between these two institutions. An individual may acquire experience in business which is transferable to some extent to higher education management. In turn, an individual may acquire experience in higher education which is transferable to some extent to business management. There can be, however, no arbitrary or all conclusive experience in the context of business which is immediately and fully transferable to higher education, or vice versa.

The Management Lessons of Business

There are five business management practices which appear to be common characteristics of the most successful enterprises. These are:

1. The careful definition of purpose by the business enterprise and rigorous selection of activities carefully calculated to contribute to the accomplishment of that purpose.
2. A periodic and highly critical review of all activities to determine in fact whether or not each is contributing to the accomplishment of the stated purpose. Activities found to be ineffective or unduly expensive are immediately pruned.
3. Continuous assessment of staff performance within the enterprise and reassignment to other duties or early retirement for those persons found unable to perform at the expected level of competence.
4. A formal procedure for the careful consideration and development of new ideas about products and production processes which may contribute to the purpose of the enterprise.
5. An expectation that each individual in the management team, in middle management, and in the work force will be loyal to the enterprise and will give it his or her best individual effort.

These five management practices represent a composite drawn from the experience of various business enterprises. They are not necessarily to be found to the same extent and in the same proportion in any one particular business when compared with another business. These major management concerns, however, are clearly identifiable in practice and constitute an important part of business experience in the United States.

It needs to be emphasized that business depends heavily upon management for its achievements and is prone to replace management when there are failures. Moreover, the business enterprise which cannot survive in the market place is usually permitted to die. There are exceptions to this rule, and there are business enterprises which depend upon governmental assistance in order to begin and to continue their activity. But these exceptions tend to underline the rule.

Business management today is a profession: it is professional in educational preparation, in the skill of expected performance, and in responsibility. The large corporations have been operated by professional managers for a good many years. Even the smaller business enterprise, the enterprise of the individual entrepreneur, depends upon knowledge and skills drawn from an extensive array of experience.

Business management is a structure of authority and responsibility; performance is measured in considerable part by objective standards. The place of an enterprise in its market can be readily determined. If that market penetration is declining, the management of the enterprise is held accountable. The annual profit and loss statement and the annual statement of income and expenses measure return on investment and the margin of sales over cost of operation. If return is declining and margins are being reduced, management is held accountable. The balance sheet of a business enterprise sets forth both current and long-term assets and

inhibition. If the net worth of the enterprise is becoming smaller, management is again held accountable.

While the business enterprise confers a considerable degree of authority upon management, it also enforces a definite responsibility. Management performance is subject to periodic review by boards of directors, and boards of directors are elected by the stockholders. This structure of responsibility is often criticized as diffuse and subject to manipulation, but there is a greater sense of obligation on the part of business management toward the board, toward stockholders, and now toward workers, consumers, and the general public than many outsiders realize.

The Definition of Purpose

Business enterprises are devoted to a fairly specific set of purposes. These have been defined with increasing precision in recent years in terms of volume of sales, return to the shareholders, market position, and satisfaction of market demand. As business volume has expanded and the business impact upon society has become more apparent, it has been necessary to revise objectives. But management by objectives is more than a mere slogan. It is a definite commitment upon the part of business management.

When business managers look at higher education, their first impression is one of confused objectives. Everyone is familiar with the usual trio of purposes: instruction, research, and public service. These broad goals lack operational meaning. What are the objectives of higher education instruction? What proportion of the youth population are to be provided with instructional opportunity of what kind and for what duration? Research is intended to advance knowledge, but what are the major areas of knowledge requiring further extensive exploration and what utility is to be expected from such research, what application to national needs is to be anticipated? Granted that knowledge is preferable to ignorance, do we say that any research project is equal in importance to every other research project, if this is not the case, how are priorities established? And the whole concept of public service seems somewhat nebulous to a business manager. Is it necessary for colleges and universities to provide continuing general and professional education or are there other agencies for this purpose? The teaching hospital of a medical school delivers health care, but what are the peculiar purposes other than instruction served by these hospitals?

In the business enterprise purposes are achieved through defined activities, through programs. Each of these programs is then rigorously and periodically examined to determine what it is actually contributing to the accomplishment of these defined purposes. When business management looks at higher education, there appears to be some confusion about the identification of program activities, and some reluctance to have these programs carefully assessed in terms of their accomplishments, their cost, and their cost-effectiveness.

The impressions may be entirely erroneous, business managers are quick to acknowledge. But if these impressions are faulty, then colleges and universities surely have the means to offer the public convincing evidence of their actual management practices.

The Elimination of Ineffective Programs

It is not unusual for business management to discontinue a product or a service which is failing to meet business expectations. If a product is no longer bought by consumers in sufficient volume to meet costs and the margin objectives of the enterprise, then that product is dropped. If a service fails to meet customer preferences and provide a reasonable return, that line of service is abandoned.

These customary discussions of higher education in this country to which business managers are exposed create the impression that colleges and universities are continually seeking to expand their services, but that such expansion occurs without an adequate market analysis or projection of production costs. This may or may not be a fair or accurate impression. If it is not, then managers in higher education have an opportunity and an obligation to correct this situation.

There is a great deal of assertion among spokesmen for higher education about needs and demands. There is a need for more opportunities for graduate education. There is a need for more opportunities for graduate professional education, as in law or medicine. There is a need for more opportunities for a baccalaureate education in the arts and sciences. There is a need for more educational television and for more continuing education. These kinds of statements are widely reported in the press, in alumni publications, and in various journals. But they are seldom, if ever, accompanied by any specific information about the manner of determining the existence of this particular need, the extent or scope of the need, or the cost of supplying the need. Moreover, there is some confusion in most discussions about the proposed method of financing the alleged need.

Business management is well aware of many unmet "needs" for improved or expanded material goods and services in the American economy, as well as for unmet improvements in the production of these goods and services, including reduction in pollutants accompanying the production process. The basic problem confronting business management is whether or not there will be an effective market demand for goods and services which will meet the costs of production and provide a return upon investment. Business management sometimes makes mistakes in its market analysis, but the techniques of market analysis are continually being implemented and improved.

Business management then asks what corresponding techniques of market analysis are used in higher education management. To be sure, higher education operates only in part in a market economy. To the extent that market considerations do not enter into supply decisions, then

an analysis must be made of the philanthropic or governmental willingness to provide the necessary financing. All three kinds of analysis—the market demand, the prospects of philanthropic support, and the reasonable expectations of governmental financing—would appear to be essential to the review of all higher education programs, to the periodic reassessment of these activities in terms of their contribution to the purpose of the enterprise, and to the readjustment of programs in terms of their financing potential.

In this connection, the May 13, 1973, report of the New York University Task Force on the Financial Emergency, printed in the *New York Times* and distributed widely by the Academy for Educational Development, was referred to as an excellent illustration of the kind of program assessment which is impressive from a business management point of view.

People Performance

A third major element of the business management process is the continuous assessment of people performance within the enterprise. It is "obvious" today to point out that an organization is people working together. Every person in an organization has a job to perform; the job specifications may be explicit or implicit, specific or general. Business management is engaged on a continuous basis in the evaluation of the job performance of individuals against the job specifications set up for each assigned task.

To be sure, job evaluation can be a matter of subjective judgment, and such personal assessment may be based upon prejudice or biased attitudes. Business management in the past twenty years has made extensive efforts to place assessment of job performance on an objective basis and to eliminate subjective judgment to the fullest extent possible. Managers also seek to encourage and motivate high standards of job performance and to promote maximum job satisfaction. There is a good deal of effort and resources spent in training at all levels of the enterprise. It is upon the basis of such training and of job experience that efforts are made to evaluate the work performance of all personnel. Obviously business management has not been entirely successful in these endeavors, but, for the most part, the objectives of personnel management in business enterprise today are not matters of dispute.

The question was asked whether or not higher education management is equally clear about its personnel objectives and whether or not personnel evaluation is recognized as an indispensable part of the management task. There are times when business management may be accused of ruthless action in the decision to replace personnel. It is recognized that higher education management seeks to avoid such criticism. Perhaps higher education management has tolerated indifferent job performance in the name of consideration for individual welfare. If this is the case, then a corresponding cost of operation must be recognized and included as an expenditure of available resources.

Business management recognizes that higher education management faces a unique kind of personnel circumstance. There is no counterpart group in a business enterprise corresponding to the faculty of a college or university. It was pointed out that on the average about 40 percent of the instructional budget of a higher education enterprise is attributed to the professional compensation of faculty members. Around 59 percent of the instructional budget is applied to the total expense of departmental instruction and research. Yet evaluation of the job performance of faculty members rests with faculty peers rather than with higher education management as such. The question was then asked whether or not this circumstance may be an excuse for a failure on the part of higher educational management to provide some leadership and emphasis for job evaluation.

New Ideas

Today business management recognizes as a matter of highest priority the need to be alert to the possibility of new products and of new production processes. A major worry of business management is that it may become so set in its ways as to overlook the possibilities for new products and for new production processes when these arise. A great deal of time and energy within business management is devoted to the search for new sources of raw materials and for new kinds of raw materials, to the consideration of new products for which there will be an effective market demand and the desired cost-efficiency ratio, and the introduction of new production processes which will reduce prices to the consumer.

Business management hears a great deal about new services to be rendered by higher education. Obviously the most conspicuous of these new services is that of non-traditional study, of a university "without walls". Business management is also aware of discussions about new forms of instructional technology, of new methods of programmed learning. Yet most of these discussions seem to emphasize increased costs for someone: the student, the philanthropist, or the taxpayer. Seldom do business managers hear about decreased costs or decreased prices as the result of the introduction of new services or new service technologies in the higher education world.

Moreover, the media of mass communication generally convey the impression that higher education administrators and higher education faculties are opposed to innovation within higher education itself. Again, this may be erroneous information, but the existence of such an idea on a widespread basis must be acknowledged. Every time a new suggestion about service, about technology, or about financing is presented, it seems to be the subject of widespread criticism by the higher education community. Business management thus concludes that innovation is unwelcome in colleges and universities. Indeed, it is not unfair to say that faculty members are quite critical of institutions of society such as the private enterprise economy, the family, the church, the military, the

federal government, and the state and local governments. Seldom, if ever, does the citizen concerned about the welfare of higher education hear any corresponding criticism of the institution of higher education. It appears that there is nothing wrong with higher education which more dollars would not cure. Is this kind of attitude adequate to the higher education challenges of the 1970's, and, if it is not, what are the obligations and opportunities of higher education management to change this kind of attitude?

Loyalty

The concepts of loyalty within a business enterprise are apparently quite different from those within a higher education enterprise. These differences seem to be most evident in the attitudes of top and middle managements of a business enterprise and in the attitudes of faculty members of a college or university. Business management recognizes that the role of the individual is inextricably linked with the performance of the enterprise as a whole. Indeed, this kind of attitude extends to supervisors and foremen, and strenuous efforts are being made to extend this kind of realization to every person in the work force. The concept of business loyalty is being changed in order to provide a full opportunity for constructive criticism. Yet loyalty to the enterprise remains a fundamental ingredient of business.

Much has been said and written in recent years about the absence of faculty loyalty to the college or university of which a faculty member is a part. This criticism may be exaggerated, and it may never have applied to any but a small number of faculty members. Faculty members have been widely reported to be loyal to their discipline or professional field of study but generally little concerned or only critically concerned about the welfare of the college or university which provides their environment of learning.

The question was asked whether or not loyalty to an enterprise is important. And how does one define loyalty? The consensus was that loyalty contributes a good deal to the success or failure of an enterprise. It was agreed also that loyalty does not mean unquestioning acceptance of or blind faith in any particular leader or administration. Essentially, loyalty is an attitude or emotion which commits an individual to place his or her own personal interests at a scale of value lower than the interests of the group, which encourages the individual to take pride and satisfaction in the achievements of the enterprise as a whole. Loyalty is a matter of group cohesion striving for the accomplishment of stated purposes and resisting external harassment.

Higher Education Management

The role of business management seems to be considerably different from the role of higher education management. The difference is not so much one of authority and responsibility as it is of end purposes. In the

business enterprise, management has an extensive role in determining goals and objectives, in choosing desirable programs, in arranging the necessary financing, in directing the sale or marketing of goods and services, and in coordinating the work efforts of many different persons of different competencies toward a common purpose. To some extent the authority of business management is circumscribed by collective bargaining agreements, and, of course, by limitations of the market place and of law. These limitations are very real, requiring continual attention.

The role of higher education management is less extensive, because of differences in the mission of higher education. It appears that this difference may be exaggerated simply because higher education management is equated with higher education administration. A considerable management role is now exercised by faculty members, and to some extent by students. The basic issue, then, is how to define higher education management, and how to structure that management in order to perform effectively the kinds of tasks entrusted to business management.

The management functions in business and higher education may, in reality, not be too distinct. The fundamental difference may be in their structures. While there is a recognized structure in business management, there appears to be a lack of a recognized structure of management in higher education. Historically, institutions of higher learning have struggled with two contradictory models—one, hierarchical, and the other, participatory, based upon the small town meeting. Nominally, the president of a college or university is the chief executive officer on behalf of the board of trustees. This arrangement ignores the substantial role of the faculty in college and university management, not to mention the role of students and external agencies.

It is customary to point out the lack of authority of the higher education president. The real lack is a defined source of authority, since the authority of boards of trustees has been limited in scope by prevailing academic practice, if not in law. The most important management need in higher education today is a new definition of management authority and a newly identified structure of management.

It is by no means clear just what kind of management structure will emerge in higher education. It is fairly evident that some new structure is in process of evolution. How this new structure will be established or patterned is not equally evident. Various proposals are current, such as the membership of faculty members and of students on a board of trustees. Faculty members and students in a good many colleges and universities exercise a veto power over the selection of a president by the board of trustees, but, beyond this veto power, no responsibility for management decision-making has yet been generally recognized for faculty and student committees or councils.

The idea of a collegial management is by no means foreign to business management. Most of the important policy decisions in business management are made today through committees, subject to approval of certain

decisions by the board of directors. The authority of boards of directors is generally accepted, although most large corporations now recognize the desirability of having one or more directors to represent the "public at large." The composition of boards of directors is in a state of flux; the composition of boards of trustees may also be in process of change. From such change may come a new sense of legitimacy for higher education management. If not, then some new structure of management may be required. Business management is seeking change today primarily in the composition of boards of directors, and in management sensitivity to a changing business environment in this country.

Pricing

In the discussion of the current financial difficulties of higher education, business managers are surprised by the prevailing reluctance on the part of higher education managers to give careful attention to the whole subject of pricing. In a market economy, pricing is a matter of continual concern for business management. Business is by definition the sale of goods and services. The pricing of those goods and services is the single source of available income for a business enterprise. Thus, pricing is central to management.

Higher education management obtains its income from pricing (charges to students and others), philanthropy, and government. There is extensive discussion about philanthropy and about government as the sources of financial well-being for colleges and universities, public and private. Business management seldom hears about any equal amount of attention being given to pricing policy. It is almost as if pricing of higher education services is a necessary evil, a reluctantly utilized source of income. This attitude is difficult for business management to understand.

It is recognized that there is a social benefit as well as an individual benefit which results from the activities or programs of higher education, and social benefit in the United States has been traditionally financed by philanthropy and by government. Undoubtedly there are considerable complexities in deciding exactly how to measure the individual benefits as distinct from the social benefits of higher education. Perhaps a new approach is needed in this area of higher education management: an approach which begins with a clear definition of the objectives, social and individual, sought through higher education and then a careful consideration of the alternative choices available for financing both the social and the individual benefits.

It was agreed that prior to the establishment of a pricing policy must be a cost analysis. A higher education enterprise engages in various activities or programs. It should be possible to determine costs of instruction by programs and by levels. The costing problem should not be any greater for a university than for a highly diversified business. Business management learned long ago that accounting is not an exact science. Management must make judgmental decisions about the allocation of overhead costs to

a particular product line or to a particular set of services. There can be consistency of definitions and comparability of results in accounting. There are reasonable expectations from higher education accounting as well.

If, in any given situation, program costs prove elusive to determine, then it certainly should be possible for a college or university to calculate marginal costs, the expense involved in any additional program or activity undertaken. It appears to be an indication of poor management when marginal costs are added to an enterprise in excess of the prospects for marginal income equal to greater than those costs.[7]

It was recognized that private colleges and universities may have disadvantaged themselves by their current levels of pricing, and it may be that public colleges and universities may need to increase their charges in order to obtain more income. The possibility of the income contingent loan as a method of financing increased charges to students received extensive consideration. Several business executives believe that such loans offer a real opportunity for higher education to obtain more income. One method of handling such loans might be through the Social Security system. Another method would be to make such repayments a part of the federal government's income tax process.

Additional Financing

In the current financial squeeze of higher education, there are two major responses possible: (1) an improved or more effective management which achieves economies in operation through the curtailment of activities or through an advance in productivity, and (2) increased income. These endeavors are not mutually exclusive. On the contrary, they may be complementary. Improved management can and does assist in obtaining increased income.

The new 1969 federal tax law gives a new incentive for families to make gifts and bequests to colleges and universities, often in the form of a business enterprise or in the form of stock in a business enterprise. One college has been quite successful in expanding its endowment by the acceptance of business enterprises and by their operation for a period of time prior to disposal. Trustees have unfailingly and as committees been most helpful in supervising these operations, and alumni, especially lawyers, have been most helpful in bringing business opportunities to the attention of the college.

Colleges and universities, public and private, have by no means exhausted their fund-raising potential. Public colleges and universities in particular might do more in the way of fund-raising from their alumni and others.

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[7] It has been suggested, however, that the policies of some grant-offering groups bear the responsibility for this kind of performance. For example, there are funds from which they do higher education institution any access to overhead; in addition, certain federal government agencies are unwilling to accept a full overhead enough.

Increased return from existing endowments may also be possible through careful handling of investments. Where a college or university feels that it lacks the expertise to supervise an investment portfolio, several opportunities for professional investment management are now available.

It is possible that new sources of income may be forthcoming from the federal government as a result of the Education Amendments of 1972, approved by the President on June 23, but these prospects are not at all certain, and federal government policies are by no means clear at this time. It would be ill-advised for any college or university to make plans based upon additional federal financing until that financing is more definite.

It was pointed out that so-called tax reform will be a major legislative issue in the United States Congress in 1973, regardless of the outcome of the 1972 presidential election. Higher education has a vital stake in the provisions of that legislation and must be prepared to handle that concern persuasively. Private higher education may have more to lose in 1973 from ill-advised tax reform which would decrease philanthropic giving than it has to lose from price competition from public higher education.

One single source of higher education financing is not desirable. Just as it is undesirable to draw all instructional income from students, so is it undesirable to draw all instructional income from government. There has never been any danger that all instructional income would be provided through philanthropy. A variety of income sources is like a variety of product lines: a hedge against changing circumstances and a pledge of survival for the enterprise. A single source of income introduces into higher education the threat of a single source of authority, and such a threat is inimical to the nature and need of higher education as a social institution.

Rising Costs and the Future of the American Economy

The recent Carnegie Commission report on *The More Effective Use of Resources* has projected the desirability of limiting future increases in expenditures per student to two percent a year in dollars of constant purchasing power over the next ten years. Any such objective could only be realized if certain conditions were maintained. The pressure for increased salaries of faculty and staff will have to be contained. It is likely that some sort of federal government incomes policy and program will continue beyond April, 1973. This may help to limit salary expectations.

It needs to be understood that increased salaries for higher education personnel can be financed only in one of two ways: (1) increased productivity so that output from manhours of labor is increased and the greater output is returned in the form of larger salaries, and (2) a redistribution of income within American society which assigns to higher education faculty and staff a higher priority in income distribution than to other groups of workers. Any income increases from other than these two sources are inflationary in nature and can be destroyed by rising prices.

In large part, the increase in real faculty income occurring between 1963 and 1972 represented a re-evaluation of the economic contribution of higher education to American society. Fortunately, this re-evaluation took place in a period of long-term growth of gross national product, so that the impact of the income redistribution taking place was muted by a generally improved economic status for most American families.

Business management and business enterprises are not opposed to income redistribution in American society. Some income redistribution is taking place all the time in response to market forces, and some redistribution takes place also through the allocative decisions of public finance. The point of emphasis is that higher education in 1972 has probably exhausted its claim to a changed economic status; there are probably other priorities in income redistribution to be met in the coming decade.

The ideology of collective bargaining by faculty and by operating staffs in colleges and universities is founded upon a faith that only through such bargaining can and will an ideal distribution of income be realized. *But collective bargaining is an exercise in social power, not an approach to social justice.*

When the power of collective bargaining was invoked as a political expedient in the 1930's, the objective was to encourage a countervailing power to corporation officers and boards. Today in American society collective bargaining is a form of pressure to obtain benefits directly from the political process itself. The State has been cast in a new role and subjected to a new force. It is by no means assured that collective bargaining can and will achieve a new income status for American higher education.

Miscellaneous Observations

A good deal of thought was given to the question of productivity. Is productivity a viable concept to apply to higher education? How does one measure the many benefits, individual and social, which are thought to flow from higher education but which are not quantifiable? Evidently, higher education cannot avoid the problem of productivity, but the concept must be utilized within any higher education enterprise with restraint and with a full realization of its limitations.

There is considerable doubt whether or not productivity is to be expected from existing structures of people working together. Can productivity be advanced more rapidly in new structures where processes and attitudes are not rigidly molded by time-honored traditions and modes of behavior? There is no definite answer to this question. It is to be hoped that innovation may still be forthcoming from an organization of ancient and honorable history.

There is a good deal of discussion in business management today about performance auditing and about a social audit. The first concept is related to management by objective, and entails a procedure to assess productive outputs in terms of productive expectations. The idea of the social audit is

different from that of a performance audit. It seeks to evaluate the social consequences of business performance, consequences in terms of impact of business upon the environment, upon urban living, upon the welfare of workers, upon the betterment of consumers, upon economic growth and income distribution. The new concept of accountability in higher education was considered in relation to the idea of performance auditing or social auditing. At present, the two ideas are closely akin.

There is now a dual leadership in many business enterprises: the chairman of the board as chief executive officer and the president as chief operating officer. The term of any one person in either position is often restricted to about five years in practice, and after five years as chief operating officer the president often succeeds, after effective performance, to the position of chairman and chief executive officer. Sometimes the distinction between the two roles is explained in terms of "Mr. Outside" and "Mr. Inside". There is a germ of reality in these ideas. The chief executive officer is concerned above all else with the health of the enterprise in relation to its economic and social environment. The chief operating officer is concerned primarily with the health of the enterprise in its structure and process. The question was asked whether or not a higher education enterprise might advantageously emulate the organizational arrangement for leadership.

How does one describe the nature of leadership within higher education? How does one identify the effective leader? Most persons believe that they can recognize effective leadership when it occurs, but they are uncertain about the particular characteristics of ability, skill, emotion, and energy which define leadership. There is a degree of chance in the career of any leader. The leader may perceive a need or needs and point the way to their fulfillment. The leader may have a vision of new possibilities and inspire others to dream and work with him. In any event, every college and university needs leadership, and surely the opportunities for leadership remain abundant in higher education.

The question was asked whether or not there would be effective leadership in a college or university without a new specification of authority vested in a leader. In the past 25 years in higher education there has been an academic revolution and a student revolution. There is no turning away from these experiences. There is no reasonable expectation of re-establishing a simpler structure of authority and responsibility for the complexity and even confusion of current structures. The task of leadership is not one of formal authority but of personal capacity to devise new organizational forms which will mediate between order and diversity, which will point the way to community of endeavor. A central authority may back up decentralized decision making, for example. Leadership is the person with an idea who knows how to utilize current structures to advance a general and perhaps a moral purpose.

The problem of education "ungovernment" was identified as a major concern for the social institution of higher education. Higher education is

simply not as effective a social force as the importance of its mission warrants. Communication among all the constituent enterprises leaves much to be desired. A sense of common purpose among these enterprises is lacking. As a social institution, higher education has no executive leadership and no legislative authority. It is time higher education became more self-conscious and more decisive as a social institution.

It must be acknowledged that there is a certain degree of tension existing today between business as a social institution and higher education as a social institution. This tension arises from concern within the business community about the role of higher education as a political force in society. The traditional view of higher education is that it is an institution involved in the criticism of the ideas and the behavior of other social institutions, including business. More recently it has been felt that higher education, or some persons claiming to speak for higher education, see its mission as one of political commitment to the development of some new power structure and some new political organization of society.

The business community is committed to the idea of social progress within an existing political tradition, an existing or modified power structure, and an existing or modified organization of government. The business community is fearful of a revolutionary change in power structures, and finds itself wondering if higher education is equally fearful of a monolithic as opposed to a pluralistic structure of power, is equally committed to the maintenance of free enterprise and academic freedom, is equally desirous of supporting governmental arrangements which limit power.

It was recognized that individual colleges and universities profess to great concern with preserving their own particular autonomy in society. But what is autonomy? Is it a privileged social status to be defended for itself? Or is autonomy a special status which results from social satisfaction with the actual performance of a college or university? Autonomy as it has been known in the past was the capacity for social accomplishment resulting from involvement with society, not a privilege arising from an effort to escape from society. Autonomy arose from a widespread conviction that higher education promoted the betterment of society, not the subversion of society.

Summary

Management is a structure of authority and responsibility and a process of direction and motivation whereby the stated purposes, current and developing, of people working together within a particular enterprise with a particular supply of resources and with a particular technology can be accomplished.

Are there lessons in higher education to be learned from business management? Probably so, but only within limitations and with an understanding that the roles of the two social institutions are different and the methods of operation are different.

If institutions of higher education are to learn from business management, they should, first, know more about business operations and, second, should adopt those practices which will lead to improved performance in educational efficiency (the utilization of resources) and effectiveness (the quality of output).

American higher education in the last quarter of the Twentieth Century must redefine its goals and objectives. A college or university is frequently no longer a community of scholars. Rather it has become a hierarchy of individual specialists. Higher education remains the provider of professional talent to society, a talent more in demand and more highly rewarded than ever before in our history. Higher education continues to offer society new ideas, new concepts of knowledge. And the utilization of knowledge in society has become a new force, a new kind of power affecting the material, biological, and spiritual well-being of every citizen. Thus, higher education can be viewed as an instrument of power, a prize to be gained if any particular segment or group in society can gain exclusive control over higher education. Just as business must not and does not conceive of higher education as its special institution, it can be disastrous to the future of higher education if it should become the tool of any other social institution or any single power element in society.

The task of management is to analyze the environment of the enterprise, to provide appropriate opportunities for various groups to participate in the direction of the enterprise, and to offer the input of rational decision-making about the future course of the enterprise, of the social institution of which the enterprise is a part, and of society as a whole. Management today faces many new challenges: challenges of social goals, of social objectives and expectations, of social assessment of resource requirements and output utility, and of commitment to social betterment. Evaluation of performance can be accomplished only within a continuing time frame, within a span of years affording opportunity for improvement. The task of management was never more urgent.

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